

INSTANT COMMENT

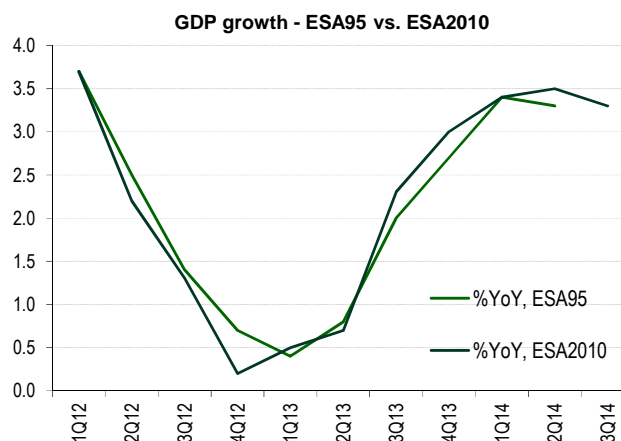
13 November 2014

GDP growth still above 3%

GDP growth in Poland reached 3.3%YoY in 3Q, much higher than expected (market consensus and our forecast were at 2.7-2.8%). Moreover, data for the past six quarters have been revised up substantially, with 2Q GDP up to 3.5% (from previous 3.3%). The seasonally adjusted QoQ growth actually accelerated in 3Q to 0.9% (vs 0.7% in 2Q). The flash release shows no details about GDP breakdown, so it is hard to say what was the main source of the surprise. However, we suspect two issues. First is the methodological change (this was the first release according to ESA2010). The second is probably stronger than anticipated growth in fixed investments. The latter is signalled by, among other things, better than expected performance of the labour market and surprisingly robust credit growth for companies. As regards expectations regarding the next MPC decisions, the data cancelled most of the effect of yesterday's lower than expected inflation and reduced odds of interest rate cut in December (please mind that the MPC signalled recently they switched focus from CPI to GDP). Now the market will be probably quite sensitive to every new piece of information about economic activity in 4Q. Our forecasts of production and retail sales are above market consensus, so their materialisation may be negative for fixed income market (and positive for the zloty).

GDP growth – comparison of ESA95 vs. ESA 2010

	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14
%YoY, ESA95	3.7	2.5	1.4	0.7	0.4	0.8	2.0	2.7	3.4	3.3	
%YoY, ESA2010	3.7	2.2	1.3	0.2	0.5	0.7	2.3	3.0	3.4	3.5	3.3
%QoQ, ESA95	0.4	0.0	0.2	0.2	0.1	0.8	0.8	0.7	1.1	0.6	
%QoQ, ESA2010	0.1	0.0	0.0	0.0	0.3	0.8	0.9	0.6	1.1	0.7	0.9



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